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REVIEW OF THE SYSTEM FOR THE ALLOCATION OF UNFPA RESOURCES TO COUNTRY PROGRAMMES

Report of the Executive Director

Summary

This report has been prepared in response to Executive Board decision 2005/13, in which the Board requested the Executive Director to undertake a further review of the UNFPA system for resource allocation to country programmes and to report to the Board in late 2007. As part of the review process, UNFPA organized internal consultations as well as three informal consultations with members of the Executive Board. The guidance provided has been utilized to update the resource allocation system and is reflected in the present report.

Following the introduction, section I of the present report provides an overview of the current resource allocation system. Section II presents the experience with the current system and the progress UNFPA achieved in implementing the resource allocation system in terms of expenditures by groups of countries. Section III contains proposed changes to the current resource allocation system, including with regard to modifying the current principles, reviewing indicators and simplifying the definitions of groups of countries. Harmonization of the resource allocation system and strategic plan 2008-2011 cycles and indicators is also discussed in section III. Section IV summarizes the proposals for the update of the resource allocation system, the outcomes of the proposed classification, the revised distribution of groups of countries and the proposed resource shares to different groups. Section V contains elements for a possible decision.

Annex 1 provides the indicators and sources for the updated (2008) resource allocation system with indications of linkages to the Millennium Development Goals and the UNFPA strategic plan, 2008-2011. Annex 2 presents the classification of countries according to the proposed 2008 review of the resource allocation system.

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Introduction

1. This report has been prepared in response to Executive Board decision 2005/13, paragraph 9, in which the Board requested the Executive Director to undertake a further review of the system for resource allocation to country programmes and to report to the Executive Board in late 2007.

2. UNFPA allocates shares of country programme resources to groups of countries through the resource allocation system based on how far countries are from attaining the goals of the International Conference on Population and Development (ICPD) and the targets from the five-year review ICPD+5*. As part of the review process, internal consultations were organized in addition to three informal consultations with members of the Executive Board. The guidance provided by Executive Board members was utilized to update the resource allocation system and is reflected in the present report. The proposed changes to the current resource allocation system aim to support the implementation of the UNFPA strategic plan, 2008-2011.

3. Section I of the present report provides an overview of the current resource allocation system. Section II presents the experience with the current system and the progress UNFPA achieved in implementing the resource allocation system in terms of expenditures by groups of countries. Section III contains proposed changes to the current resource allocation system, including with regard to modifying the current principles, reviewing indicators and simplifying the definitions of groups of countries. Section IV summarizes the policy proposals for the update of the resource allocation system, the outcomes of the proposed classification and the proposed resource shares to different groups. Section V contains elements for a possible decision.

I. OVERVIEW OF THE CURRENT RESOURCE ALLOCATION SYSTEM

4. After the ICPD in 1994, the UNFPA resource allocation system was defined based on the principle that countries that are the furthest away from achieving ICPD goals in the areas of reproductive health and gender equality should receive priority assistance from UNFPA. The UNFPA resource allocation system, approved by the Executive Board in 1996, was subsequently reviewed twice by the Executive Board, first in 2000 (see decision 2000/19) and then in 2005 (see decision 2005/13) to reflect the ICPD+5 targets as well as the Millennium Development Goals (MDGs). The current system was approved by the Executive Board in 2005 (see document DP/FPA/2005/6 and decision 2005/13).

5. The current system is based on a set of eight indicators and their thresholds: proportion of births attended by skilled health personnel; contraceptive prevalence rate for modern methods; proportion of population aged 15-24 years living with HIV/AIDS; adolescent fertility rate; under-five mortality rate; maternal mortality ratio; literacy rate among 15-24 year-old females; and age dependency ratio of females. Countries are classified into A, B and C groups based on the threshold levels they have attained for the eight indicators. Group O consists of other countries for which detailed data are not available and/or those countries that have received limited or temporary assistance.

6. Under the current system, the groups of countries are defined as follows: any country that meets the threshold levels of 0-4 indicators and has an annual gross national income (GNI) per capita of less than $900 is included in Group A. All least developed countries (LDCs) are automatically included in Group A.

* General Assembly resolution A/RES/S-21/2 (adopted in 1999), Key Actions for the Further Implementation of the Programme of Action of the International Conference on Population and Development.

Countries that have met the threshold levels for 5-7 indicators or countries that have met the threshold levels for 0-4 indicators but whose per capita income is more than or equal to $900 are categorized as Group B countries. Countries that have met the threshold levels of all eight indicators are categorized as Group C countries. In addition, the system includes other countries (Group O) that receive limited assistance from UNFPA.

II. REVIEW OF EXPERIENCE WITH THE CURRENT SYSTEM

A. Multi-year funding framework as an overarching framework for UNFPA support

7. The multi-year funding framework (MYFF), 2004-2007, aims at strengthening the Fund's contribution to the implementation of the ICPD Programme of Action in the context of poverty reduction in line with the MDGs. Having served as an overarching framework for the 2004-2007 period, the MYFF also guided the 2005 revision of the resource allocation system. There was a close link between the strategic results framework of the MYFF and the resource allocation system of 2005, evidenced by the fact that seven of the eight indicators in the current resource allocation system are also in the strategic results framework of the MYFF.

B. Trends in expenditures by groups of countries, 2001-2006

8. The resource allocation system has, over time, enabled UNFPA to gradually increase the percentage share of its country programme resources to the countries with the highest need, i.e., Group A countries. Table 1 displays the expenditures from regular resources for the two periods, 2001-2004 (covered by the 2000 resource allocation system) and 2005-2006 (covered by the 2005 resource allocation system). The shares of regular resources provided to Group A countries increased from an annual average of 67.3 per cent in the 2001-2004 period to 68.0 per cent in the 2005-2006 period. UNFPA is thus moving towards the target of providing 69-71 per cent of its programme resources from regular resources to countries in Group A, as set by the Executive Board (decision 2005/13). In actual monetary terms, the average annual expenditures for Group A countries rose by almost $23 million from the period 2001-2004 to the period 2005-2006. Although UNFPA allocated an even higher share of resources to Group A countries, some of these countries were unable to spend these funds, which resulted in a lower overall expenditure for Group A compared with Group B and Group C countries. UNFPA will continue to support and strengthen national capacity in all groups, but with an added emphasis on Group A countries, to ensure that these countries achieve the ICPD goals as well as the MDGs.

Table 1. Expenditures from regular resources, by group, 2001-2006
(In millions of US dollars)

Group (as of 2005)	2001-2004 Average annual expenditures		2005-2006 Average annual expenditures		Targets (Executive Board approved in decision 2005/13)
	$	%	$	%	%
A	107.8	67.3	130.7	68.0	69-71
B	37.0	23.2	44.6	23.2	21-24
C	14.5	9.0	15.9	8.2	6-8
O	0.9	0.5	1.1	0.6	<1
Total	160.2	100.0	192.2	100.0	100

Figures may not add up to the totals given due to rounding.

9. The resource allocation system and the targets set by the Executive Board apply only to regular resources. For the 2005-2006 period, the share of resources that Group A countries received from other resources was less than the share they received from regular resources (50.8 per cent from other resources compared with 68.0 per cent from regular resources – see tables 1 and 2). In the same period, the share of other resources for Group B countries was 42.2 per cent compared with 23.2 per cent for Group B countries from regular resources. The high share of other resources going to Group B was a result of earmarked donor assistance.

Table 2. Expenditures from other resources, by group, 2001-2006
(In millions of US dollars)

Group (as of 2005)	2001-2004 Average annual expenditures		2005-2006 Average annual expenditures	
	$	%	$	%
A	36.7	58.7	49.0	50.8
B	21.5	34.3	40.7	42.2
C	4.2	6.9	5.9	6.1
O	0.0	0.0	0.9	0.9
Total	62.3	100.0	96.4	100.0
Figures may not add up to the totals given due to rounding.				

C. Implementation of country programmes under the resource allocation system 2005–2006

10. The resource allocation system and the revised integrated resources framework of the MYFF were both approved by the Executive Board in 2005. The result was twofold: higher levels of resources from regular resources available for countries; and the highest increases in resources for countries in Group A. These higher levels of resources have been incorporated in the country programmes being approved by the Executive Board starting in January 2006. The resource allocation system and the integrated resources framework are thus implemented gradually as new programmes are approved. As new programmes are normally approved only every five years, the full implementation of the resource allocation system and the higher level of resources set under the MYFF would take up to five years. During periods when income had not increased steadily or had even declined, this approach was useful, as it slowly increased UNFPA commitments to countries. However, during the 2005-2006 period when UNFPA experienced a steady increase in income, the approach resulted in additional regular resources being available for countries above the approved amounts in the country programmes. The actual expenditures from regular resources for country programmes for 2005-2006 were, overall, 18 per cent higher than the approved amounts for country programmes. UNFPA has allocated the additional resources to country programmes in line with the approved resource allocation system as the income has increased. As a result, the expenditures for some country programmes are above the approved amounts in the country programme documents – this creates a situation which needs to be addressed.

III. PROPOSED CHANGES TO THE CURRENT SYSTEM

11. The new strategic plan for UNFPA is central to the Fund's programming, management and accountability for the period 2008-2011, and it would also guide the resource allocation system. The resource allocation system has helped UNFPA in prioritizing the use of its resources. However, certain areas of the system need to be further refined. It is important that the resource allocation system for

2008-2011 contain links to the development results framework in the strategic plan through the use of common indicators. There is also a need to further simplify the definitions of country groups in the resource allocation system. In addition, UNFPA has recognized the important need for additional resources for countries in emergencies, transition and recovery, which should also be reflected in the system.

A. Principles for the resource allocation system

12. UNFPA is basing its resource allocation system on the following basic principles:

(a) Adherence to the principles of the ICPD Programme of Action;

(b) Financial assistance focused on countries with the lowest level of achievement with regard to the ICPD agenda, as reflected in the UNFPA strategic plan goals on population and development, reproductive health and gender;

(c) The phasing out or limiting of financial assistance to countries that are close to attaining, or that have already surpassed the ICPD goals;

(d) Special attention to low-income countries, the LDCs, sub-Saharan Africa and countries in emergencies, transition and recovery;

(e) The promotion of national capacity-building through South-South cooperation;

(f) The provision of technical assistance to all countries requesting it.

13. UNFPA will provide special attention to low-income countries, the LDCs, sub-Saharan Africa and countries in emergencies, transition and recovery through the distribution of resources to individual countries within the resource allocation system groups. In distributing resources to individual countries UNFPA will take into account internal disparities and other important factors as outlined below in paragraph 40. Any support provided in humanitarian response, and transition and recovery, would be in line with the UNFPA strategy approved by the Executive Board in 2006 in decision 2006/35.

B. Harmonization of the resource allocation system cycle with the strategic plan, 2008-2011

14. As noted earlier, the implementation of the resource allocation system through the approval of country programmes with higher approved amounts started only in 2006. The resource allocation system and the integrated resources framework of the MYFF have consequently not been fully implemented due to a lack of harmonization of their respective cycles. It is, therefore, essential that the cycle for the revised resource allocation system correspond to the cycle of the new strategic plan. Only by doing so can UNFPA fully implement the integrated financial resources framework in the strategic plan for 2008-2011 and the revised resource allocation system. Thus, to harmonize the cycles, UNFPA is requesting that the Executive Board approve the proposed resource allocation system effective January 2008 and that it be reviewed in late 2011, i.e., towards the end of the strategic plan period, 2008-2011.

C. Harmonization of the resource allocation system indicators with the strategic plan

15. As the resource allocation system is closely linked to the implementation of the strategic plan, it is important that they share selected indicators. The current indicators in the resource allocation system have been carefully examined during the present review to ensure that they are closely linked with the development results framework in the strategic plan, 2008-2011, and to ensure that data are available for a maximum number of countries.

16. UNFPA proposes to maintain six of the indicators in the current system, as five of these indicators are also used in the development resource framework of the strategic plan, 2008-2011, and data are readily available. Five of the six indicators are also indicators being used in the MDG monitoring framework of the United Nations system. The six indicators UNFPA proposes to maintain are:

(a) Proportion of births attended by skilled health personnel (strategic plan indicator, MDG indicator);
(b) Contraceptive prevalence rate, modern methods only (strategic plan indicator, MDG indicator);
(c) Adolescent fertility rate (strategic plan indicator);
(d) Under-five mortality rate (MDG indicator);
(e) Maternal mortality ratio (strategic plan indicator, MDG indicator);
(f) Literacy rate among 15–24 year-old females (strategic plan indicator, MDG indicator).

17. Two of the above-mentioned indicators are used in the development resource framework of the strategic plan for the reproductive health goal, namely, the adolescent fertility rate and the maternal mortality ratio. The adolescent fertility rate is one of the proposed indicators for the reproductive health target under MDG 5. The contraceptive prevalence rate and the proportion of births attended by skilled health personnel are also used in the strategic plan under the reproductive health goal at the outcome level; and the literacy rate among 15-24 year-old females is used under the population and development goal. The under-five mortality rate is used in the current MYFF and is a good measure of socio-economic development.

18. An indicator in the current resource allocation system that UNFPA is proposing to change is the proportion of population aged 15-24 years living with HIV/AIDS, as updated data for this indicator are available for only 42 countries worldwide. The issue of HIV/AIDS needs continued attention. Hence, UNFPA proposes to replace the above-mentioned indicator with an indicator pertaining to adult HIV prevalence, for which data are readily available. This indicator is also used in the development results framework of the strategic plan, under the reproductive health goal.

19. Another indicator which UNFPA is proposing to change is the age dependency ratio on female adult population, defined as the number of young and old dependents per adult woman. This indicator is not internationally recognized. UNFPA proposes to replace it with an indicator expressing the increased focus on young people in the strategic plan, namely, the proportion of the population aged 10-24 years. All the proposed indicators are listed in table 3. The definition and data sources for the proposed indicators are listed in annex 1.

Table 3. Proposed indicators and threshold levels, 2008 resource allocation system update

Proposed indicator	Threshold level
1. Proportion of births attended by skilled health personnel	60 per cent or higher
2. Contraceptive prevalence rate (modern methods only)	25 per cent or higher
3. Adult HIV prevalence	5 per cent or lower
4. Adolescent fertility rate	65 per 1,000 or lower
5. Under-five mortality rate	60 per 1,000 or lower
6. Maternal mortality ratio	100 per 100,000 or lower
7. Literacy rate among 15–24 year-old females	80 per cent or higher
8. Proportion of population aged 10–24 years	33 per cent or lower

D. Reviewing thresholds of indicators

20. To preserve the resource allocation system's stability especially for countries with ongoing country programmes, UNFPA proposes to maintain current threshold levels of the indicators in the system. For the new indicator of adult HIV prevalence, UNFPA proposes to use the same threshold level of 5 per cent or lower that was used for the previous HIV/AIDS indicator because the threshold levels are met by approximately the same proportion of countries. For the new indicator of the proportion of population aged 10–24 years, UNFPA proposes to set the threshold level at 33 per cent or lower, as the average for the LDCs is 33 per cent. The proposed threshold levels for each indicator are listed in table 3.

E. Support for countries graduating from the least developed countries

21. Under the current system, all LDCs are automatically included in Group A. Two of the LDCs will be graduating from the LDC category before the end of 2011. As the General Assembly has repeatedly stressed the importance of easing graduation from the LDCs, UNFPA proposes to maintain these two countries in Group A until the end of 2011 when the resource allocation system would be reviewed again.

F. The phasing out of assistance to new European Union countries

22. Under the current resource allocation system, UNFPA provided limited assistance to four countries that joined the European Union in 2005. UNFPA proposes to completely phase out financial assistance to these countries from 2008. For the countries which joined the European Union as of January 2007, UNFPA proposes to provide limited financial support during 2008 and 2009 (one of these countries has a country programme which ends in 2009) and to discontinue financial support after 2009.

G. Changes to country programme documents

23. As described earlier in paragraph 10, to address the situation in which additional resources are available to country programmes, UNFPA proposes to introduce a slight change to country programme documents. Currently, the UNFPA country programme documents list specific amounts for regular and other resources for the country programme. UNFPA proposes to specify in the country programme documents that the amounts are subject to the availability of funds and hence indicative. This would be similar to UNDP, which also uses indicative figures in the country programmes. Thus, in the event of changes in income, the amounts for UNFPA country programmes would be adjusted in accordance with this proposed resource allocation system. This proposed change would facilitate providing more resources to country programmes than reflected in the country programme documents should additional funding become available to UNFPA. Of course, UNFPA would continue to report to the Executive Board on the amounts provided to country programmes and each group of countries through its financial reporting mechanisms.

H. Simplification of the groups

24. UNFPA aims to further simplify the way it groups countries in the resource allocation system. It proposes to maintain the basic group definitions, with Group A consisting of countries meeting the threshold levels of 0-4 indicators; Group B consisting of countries that meet the threshold levels of 5-7 indicators; and Group C consisting of countries that meet the threshold levels of all 8 indicators. Under

the current system, approved in 2005, countries not classified as LDCs must have a per capita GNI of less than $900 to be classified in Group A. Based on suggestions from the Executive Board, UNFPA analysed the impact of removing the current income criteria for Groups A and B. The result of removing these income criteria would be that seven countries would either stay in Group A or move from Group B to Group A. These countries have met between one and four of the threshold levels of the indicators in the current system, which clearly highlights their need for priority assistance from UNFPA. UNFPA therefore proposes to eliminate the income criteria in the definition of the groups of countries. However, the income of countries is an important criterion and would be taken into account when deciding on the distribution of resources to individual countries, as detailed below in paragraph 40. UNFPA would thus continue to provide most of its resources to low-income countries.

25. UNFPA proposes that Group C continues to include countries that have met the threshold levels of all eight indicators. These countries are advanced in implementing the ICPD Programme of Action and the main role of UNFPA in these countries is to ensure that past gains in implementing the ICPD Programme of Action are maintained and solidified and that national ownership and commitment to ICPD continues. UNFPA work in Group C countries would also focus on assisting those countries in providing assistance to other countries in the region through South-South cooperation. The promotion of national capacity-building through South-South cooperation is one of the principles for the resource allocation system and it is also emphasized in the UNFPA strategic plan, 2008-2011.

26. It is proposed that Group C also include small island states for which limited detailed data are available, including the countries which are part of the two UNFPA subregional programmes in the English- and Dutch-speaking Caribbean and the South Pacific, which are currently classified under Group O. Some of the countries in the subregional programmes would continue to be classified individually as data are available for them and since a few of them are LDCs. The two subregional programmes have been approved by the Executive Board following the country programme development process. These subregional programmes provide assistance in priority areas to the countries most in need in the subregion, support subregional institutions and promote South-South cooperation.

27. UNFPA also proposes to continue to support other countries (Group O) as requested, but proposes that this support be funded by the requesting government or other donors. UNFPA would not provide regular resources to these countries in the future. However, UNFPA would provide technical assistance as requested, funded exclusively from earmarked contributions from the host government and other donors.

IV. THE RESOURCE ALLOCATION SYSTEM IN SUPPORT OF THE STRATEGIC PLAN FOR 2008-2011

A. Summary of proposals

28. The proposals for updating the current resource allocation system are summarized below:

(a) Maintain the basic principles of the current resource allocation system and include an emphasis on countries in emergencies, transition and recovery;

(b) Harmonize the resource allocation system cycle with the strategic plan cycle;

(c) Maintain the system with eight indicators, with some refinement of two indicators;

(d) Contribute to ease the graduation of LDCs during the 2008-2011 period;

(e) Phase out assistance to the new European Union countries;

(f) Align the country programme documents and the resource allocation system;
(g) Simplify the definition of groups of countries.

29. The proposed definitions of groups of countries are presented below:

(a) Group A: All LDCs and any country that has met the threshold levels of 0-4 indicators;
(b) Group B: Countries that have met the threshold levels for 5-7 indicators;
(c) Group C: Countries that have met the threshold levels of all eight indicators, and small island states for which only limited detailed data are available.

30. In prioritizing its assistance to countries, UNFPA, with this simpler definition of country groups, underscores the importance of attaining the goals of the ICPD Programme of Action.

31. As noted above, UNFPA would also be providing technical assistance, as requested, to other countries previously receiving limited assistance as part of Group O. These countries would not get any assistance from UNFPA regular resources and are therefore not included in Groups A, B or C.

B. Revised distribution of groups of countries

32. Under the 2005 resource allocation system, 164 countries were included, with 129 countries classified in Groups A, B or C. Under the proposed revised resource allocation system, 154 countries would be included (it should be noted that as of 2006 Serbia and Montenegro have become two separate countries). The countries that joined the European Union in 2005 have been phased out of the resource allocation system and most other countries previously receiving limited assistance as part of Group O would no longer receive UNFPA financial assistance although they could request UNFPA technical assistance.

33. The 23 countries within the English- and Dutch-speaking Caribbean and the South Pacific subregions, previously classified under Group O, due to limited detailed data by country, would now be classified under Group C, under two subregional programmes. The situation regarding the implementation of ICPD in these small island states varies tremendously, and maintaining support for these countries is important. One small island state for which limited detailed data is available (which currently receives very limited assistance under Group O) has been reclassified and moved from Group O to Group C to ensure that limited UNFPA assistance can continue. Overall, under the proposed system, Groups A, B and C would consist of 131 countries and two subregional programmes.

34. The proposed changes to the resource allocation system have resulted in changes in classification for 12 countries, in addition to 23 countries in two subregional programmes. The changes involve two countries moving from Group A to Group B, and five countries moving from Group B to Group A. In addition, one country is moving from Group C to Group B and three countries are moving from Group B to Group C. In addition, 24 small island states including 23 countries from the two subregions have been moved from Group O to Group C. The list of countries by geographic region and group is provided in annex 2. All countries that qualify for assistance from UNFPA regular resources are included in the list.

35. UNFPA is proposing to implement the revised resource allocation system in a manner that ensures continuity in all programme countries and especially in those changing groups. It should be underscored that UNFPA will honour all previous commitments made to individual countries.

36. The proposed updated resource allocation system provides a clear and streamlined classification of countries based on the achievement of ICPD goals. The Fund's limited resources would be concentrated on countries in Groups A, B and C. UNFPA would support the implementation of the ICPD Programme of Action in all three groups of countries, while giving the highest priority to the countries in Group A, which are furthest away from achieving the ICPD goals. UNFPA would continue to address the highest priority issues within the ICPD Programme of Action in Group B countries; and it would recognize the progress made by the countries in Group C, as these countries are leaders in ICPD implementation. The new system would better enable UNFPA to assist countries in meeting the goals of ICPD, ICPD+5 and the MDGs.

C. Relative share of country programme resources by groups

37. As mentioned earlier, the resource allocation system covers only regular resources. Other resources are designated in agreement with donors. A key component of the UNFPA resource allocation system is the identification of shares of regular resources for countries classified in Groups A, B and C. The principle is that the relative share for a given group of countries should be proportional to the relative priority given to that group. Therefore, the largest share of regular resources goes to Group A, the smallest share goes to Group C, and an intermediate share goes to Group B.

38. Table 4 below delineates the current share of resources by group and the corresponding share in the proposed system. In the last column of the table, a resource target share for Groups A, B and C is proposed for approval by the Executive Board. These proposed shares are based on the distribution of countries by group and the share of population for each group, as well as the principles outlined in the paragraph above.

Table 4. Current and proposed shares of resources by country group

Group	Current country classification [a]			Updated country classification, 2008		
	Number of countries	Share of population %	Current resource share target %	Number of countries	Share of population %	Proposed resource share target %
A	63	42	69-71	66	43	71-73
B	46	21	21-24	41	21	21-22
C	20	37	6-8	26[c]	35	6-7
Total	129	100	100 [b]	133 [c]	100	100

[a] As per table 4, document DP/FPA/2005/6 and decision 2005/13.
[b] Current system includes less than 1 per cent to other countries (Group O) not included in this table.
[c] Included are two programmes for the English- and Dutch-speaking Caribbean and the South Pacific subregions.

39. UNFPA proposes to increase the share of regular resources for Group A slightly to address the continued need for capacity development, especially in the LDCs, and to ensure full implementation of UNFPA programmes to assist these countries in achieving the ICPD goals and the MDGs. The share of

resources to Group C is very limited but still very important, given the role UNFPA plays in these countries as mentioned in paragraph 25.

D. Criteria for distributing resources to individual countries

40. The actual needs and priorities of individual countries as determined through the United Nations Development Assistance Framework (UNDAF) would be paramount in defining individual country allocations. Other factors that would be taken into account would be related, inter alia, to the country's population size and income; the availability of significant funding for ICPD issues from other donors; internal inequalities and disparities within countries; life expectancy; the extent of achievement pertaining to ICPD goals and the MDGs; the emergency, transition and recovery situation in the country; and other relevant qualitative aspects.

V. ELEMENTS FOR A DECISION

41. The Executive Board may wish to:

(a) Take note of the present report on the review of the UNFPA system for the allocation of resources to country programmes (DP/FPA/2007/18);

(b) Approve the approach, effective January 2008, for resource allocation as outlined in the present report;

(c) Endorse the procedure for categorizing countries into Groups A, B, and C as outlined in the present report;

(d) Approve the relative share of resources presented in table 4 of the present report;

(e) Approve the changes suggested to country programme documents as outlined in paragraph 23 of the present report;

(f) Recommend that the distribution of resources to individual countries and particularly to those changing category, be made in a flexible manner, taking into account the need to ensure that the gains already made are not compromised;

(g) Request the Executive Director, to undertake as needed, a further review of the system for resource allocation in 2011 in the context of the review of the strategic plan, 2008-2011.

Annex 1

Indicators and sources for updated resource allocation system (2008) with indications of linkages to the MDGs and the strategic plan, 2008-2011

Indicator	Definition/Source
Proportion of births attended by skilled health personnel (MDG, ICPD+5, strategic plan)	Proportion of births attended by skilled health personnel or skilled attendants: doctors (specialists or non-specialists) and/or persons with midwifery skills who can diagnose and manage obstetrical complications as well as normal deliveries. Source: MDG database, based on data from UNICEF. Year: The latest available.
Contraceptive prevalence rate (modern methods) (MDG, strategic plan)	Proportion of married women of reproductive age (aged 15-49 years) who are currently using a modern method of contraception. Modern methods include sterilization, pills, injectables, IUDs, condoms, vaginal barrier methods and other modern methods. Source: United Nations Population Division. Year: The latest available.
Adult HIV prevalence (strategic plan)	Percentage of adult population (aged 15-49 years) who test positive for HIV. Source: UNAIDS, Report on the Global HIV/AIDS Epidemic, 2006. Year: 2005.
Adolescent fertility rate (strategic plan)	Annual number of births to women aged 15–19 years. Source: United Nations Population Division, World Population Prospects: The 2006 Revision, Medium variant. Year: 2005–2010.
Under-five mortality rate (MDG, ICPD, strategic plan)	Annual number of deaths to children under age 5 divided by the annual number of births, expressed per 1,000. Source: United Nations Population Division, World Population Prospects: The 2006 Revision, Medium variant. Year: 2005-2010.
Maternal mortality ratio (MDG, ICPD, strategic plan)	Annual number of maternal deaths divided by the annual number of live births, expressed per 100,000. Source: MDG database based on WHO/UNICEF/UNFPA data, 2000. Year: The latest available.
Literacy rate among 15-24 year old females (MDG, ICPD+5, strategic plan)	Percentage of females aged 15-24 years who are literate. Source: MDG database based on data from UNESCO, 2006. Year: Latest available.
Proportion of population aged 10-24 years	Proportion of population aged 10-24 years. Source: United Nations Population Division, World Population Prospects: The 2006 Revision, Medium variant. Year: 2006
Gross national income (GNI) per capita	Gross national income (formerly gross national product) converted to U.S. dollars using the World Bank Atlas method, divided by the mid-year population. Source: World Development Indicators online from the World Bank. Year: 2005 or latest available.

Annex 2. Classification of countries: 2008 Review of the Resource Allocation System [1]

Group A: 0-4 criteria (66 countries)

Africa
Angola
Benin
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Comoros
Congo
Congo, Democratic Republic of
Côte d'Ivoire
Equatorial Guinea
Eritrea
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mozambique
Namibia
Niger
Nigeria
Rwanda
Sao Tome and Principe
Senegal
Sierra Leone
Swaziland
Tanzania, United Republic of
Togo
Uganda
Zambia
Zimbabwe

Arab States, Europe and Central Asia
Djibouti
Occupied Palestinian Territory
Somalia
Sudan
Yemen

Asia and the Pacific
Afghanistan
Bangladesh
Bhutan
Cambodia
India
Kiribati
Lao People's Democratic Republic
Maldives
Myanmar
Nepal
Pakistan
Papua New Guinea
Samoa
Solomon Islands
Timor-Leste
Tuvalu
Vanuatu

Latin America and the Caribbean
Guatemala
Haiti
Honduras

Group B: 5-7 criteria (41 countries)

Africa
Botswana
South Africa

Arab States, Europe and Central Asia
Albania
Algeria
Armenia
Azerbaijan
Bosnia and Herzegovina
Egypt
Iraq
Kazakhstan
Kyrgyz Republic
Lebanon
Morocco
Syrian Arab Republic
Tajikistan
Tunisia
Turkmenistan
Uzbekistan

Asia and the Pacific
Indonesia
Iran, Islamic Republic of
Korea, Democratic People's Republic of
Mongolia
Philippines
Viet Nam

Latin America and the Caribbean
Belize
Bolivia
Brazil
Colombia
Costa Rica
Dominican Republic
Ecuador
El Salvador
Guyana
Jamaica
Nicaragua
Panama
Paraguay
Peru
Suriname
Trinidad and Tobago
Venezuela

Group C: 8 criteria (24 countries and two subregional programmes)

Africa
Mauritius
Seychelles

Arab States, Europe and Central Asia
Belarus
Bulgaria
Georgia
Jordan
Moldova
Montenegro
Romania
Russian Federation
Serbia
Turkey
Ukraine

Asia and the Pacific
China
Fiji
Malaysia
South Pacific programme countries[2]
Sri Lanka
Thailand

Latin America and the Caribbean
Argentina
Caribbean programme countries[3]
Chile
Cuba
Mexico
St. Lucia
Uruguay

[1] Bahrain, Kuwait, Libyan Arab Jamahiriya, Oman, Qatar, Saudi Arabia and United Arab Emirates would receive technical assistance from UNFPA funded exclusively from earmarked contributions from the host government and other donors.
[2] Cook Islands, Marshall Islands, Micronesia, Federated States of Nauru, Niue, Palau, Tokelau and Tonga.
[3] Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Montserrat, Netherlands Antilles, St. Kitts and Nevis, St. Vincent and the Grenadines and Turks and Caicos.